

104TH CONGRESS
1ST SESSION

H. R. 1346

To amend the guarantee fee provisions of the Federal Ship Mortgage Insurance program in the Merchant Marine Act, 1936.

IN THE HOUSE OF REPRESENTATIVES

MARCH 29, 1995

Mr. SPENCE (for himself, Mr. DELLUMS, Mr. BATEMAN, and Mr. TAYLOR of Mississippi) (all by request) introduced the following bill; which was referred to the Committee on National Security

A BILL

To amend the guarantee fee provisions of the Federal Ship Mortgage Insurance program in the Merchant Marine Act, 1936.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. COMPUTATION OF FEE FOR LOAN GUARAN-**
4 **TEES UNDER TITLE XI OF MERCHANT MA-**
5 **RINE ACT, 1936.**

6 Section 1104A(e) of title XI of the Merchant Marine
7 Act, 1936 (46 App. U.S.C. 1274(e)) is amended to read
8 as follows:

1 “(e) GUARANTEE FEES.—The Secretary is author-
2 ized to fix a fee for the guarantee of an obligation under
3 this title. All guarantee fees shall be computed and shall
4 be payable to the Secretary under such regulations as the
5 Secretary may prescribe: *Provided*, That the rate govern-
6 ing such a fee shall not be less than $\frac{3}{4}$ of 1 percent per
7 annum nor more than $1\frac{1}{2}$ percent per annum; and: *Pro-*
8 *vided, further*, That when moneys are first advanced under
9 a guaranteed obligation, the project’s entire fee payment
10 shall be made by the obligor to the Secretary in an amount
11 equal to the sum of the present value of the separate prod-
12 ucts obtained by applying the guarantee fee rate to the
13 projected amount of the guaranteed obligations outstand-
14 ing, excluding the average amount (except interest) on de-
15 posit in the escrow fund created under section 1108 of
16 this Act, for each year of the stated maturity of the guar-
17 antee obligation. Such regulations shall provide that the
18 discount rate for calculating the present value of each
19 product shall be a rate determined by the Secretary of the
20 Treasury, taking into consideration current market yields
21 on outstanding obligations of the United States of com-
22 parable maturity. Such regulations shall also provide a
23 formula for determining the creditworthiness of obligors
24 under which the most creditworthy obligors pay a fee com-
25 puted on the lowest allowable percentage and the least

1 creditworthy obligors pay a fee which may be computed
2 on the highest allowable percentage. Under no cir-
3 cumstances may the Secretary refund the guarantee fee
4 to the obligor. A guarantee fee paid pursuant to this sec-
5 tion may be included in actual cost and is eligible to be
6 financed under this title.”.

